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Weekly Intelligence Summary No. 32

## SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

British and French cooperation in US policy regarding the Danube is expected. The UK is more likely, however, to submit the issue to the Permanent Court of International Justice than is France, which may still hope for conciliatory resolution of the problem. (Item No. 1) - B.

Egyptian pressure upon Palestine is continuing to restrict US-flag shipping operations in the Eastern Mediterranean. Despite US protests, there is little likelihood of any immediate relaxation of the Egyptian limitations. (Item No. 2) - C.

Both legitimate commercial requirements and political considerations underlie the current expansion of Soviet shipping in Far Eastern waters. (Item No. 3) - B.

The UK Foreign Office has advised the US Government by note that it is unable to concur in the policy proposed by the US regarding the relations of the US and UK in civil air matters with the USSR and Satellite nations. The UK, however, is willing to discuss the problem further. (Item No. 4) - B.

Poland and Denmark have concluded an informal air arrangement authorizing their respective national air carriers, LOT and DDL, to establish a reciprocal air service connecting Warsaw and Copenhagen. The Danes, largely as the result of US representations, inserted an escape clause permitting the termination of the arrangement with one month's notice. (Item No. 5) - B.

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The newly-formed Israel National Aviation Company may have acquired a four-engine C-54 transport aircraft without the necessary approval of the UN Mediator. (Item No. 6) - C.

Transportes Aereos de Honduras is negotiating the purchase of a DC-4 from Alaska Airlines, allegedly for transporting DPs from Italy to Australia. Although the Honduran air carrier has stated that it is presently operating two C-47 aircraft between New York and Tegucigalpa, CAA has no knowledge of these flights. (Item No. 7) - C.

Signature of the US Bolivian air agreement on 29 September, after protracted negotiation, concluded Bolivia's first international air transport agreement and regularized US airline routes and traffic rights in that country. (Item No. 8) - C.

The UK Foreign Office suspects that a violation of UN Security Council Regulations is involved in a recent contract between the Jewish Agency and Pan African Air Charters (PAAC) for transportation of DPs from Munich to Haifa. (Item No. 9) - C.

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## SECTION II. CURRENT DEVELOPMENTS

SURFACE TRANSPORTATION

1. Favorable British and French reaction to future US policy on the Danube may be expected. The US intends to marshal world opinion and support all opposition to Soviet implementation of the Danube navigation convention which was voted by the Soviet-Satellite bloc at Belgrade over the protests of the US, the UK and France. The West disputes the Soviet stand that the 1921 Convention on Danube navigation is now void and replaced by the new regime. Although not a signatory to the 1921 agreement, the US will support any UK or French move to submit the question of the continued validity of this convention to the Permanent Court of International Justice. The UK is more likely to take this step than is France, which may still hope for conciliatory negotiation of the issue. 50X1
  
2. The Egyptian plan to exclude henceforth from Egyptian harbors any vessel which repeatedly calls at Palestine ports will seriously restrict US shipping and further damage US prestige in the Near East. In spite of official protests from the US Department of State and unofficial protests from American Export Lines (the leading US-flag operator in the area), the Egyptian Government is already seizing shipments for or en route from Palestine; it has enforced rigorous cargo inspection rules and refused fuel, food, water and other supplies to vessels calling at Palestine ports. As long as feelings continue to run high in Egypt over the Palestine issue, there is little chance that Egypt will yield to outside pressure in measures which it considers justified on the grounds of military necessity. 50X1
  
3. While legitimate Soviet commercial requirements underlie the current expansion of shipping connections between USSR Pacific ports and other areas of the Far East, the USSR also has in mind the advantages of increased communications to outlying points in which it has a special political interest, such as the disaffected areas of South-east Asia. The expansion of Soviet shipping also serves Soviet propaganda, as illustrated by the exaggerated statements of a Russian-language Soviet-line Shanghai newspaper concerning the recent chartering

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of a Chinese merchant vessel. The announcement heralds the resumption of passenger and freight service between Vladivostok and Shanghai. There is actually no evidence, however, that more than one vessel is involved, and Shanghai is not likely to be more than an occasional way port of call, because this vessel will in fact operate on to Japan, the Philippines, Siam, and India. [REDACTED]

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CIVIL AVIATION

4. The UK Foreign Office has advised the US Government by note that it is unable to concur in the policy proposed by the US regarding the relations of the US and UK in civil air matters with the USSR and Satellite nations. The UK, however, is willing to discuss the problem further.

NOTE: As the British decision will have far-reaching effects on European civil aviation, the Transportation Group is preparing an analysis of the implications in this development. [REDACTED]

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5. Poland and Denmark have concluded an informal air arrangement authorizing their respective national air carriers, LOT and DDL, to establish a reciprocal air service connecting Warsaw and Copenhagen. The US, desirous of blocking further air expansion by Satellite airlines, had attempted to induce the Danes to delay these negotiations. Although US representations were unsuccessful, they clearly influenced the Danish decision to insert an escape clause permitting the termination of the arrangement with one month's notice. Meanwhile, officials of LOT have already carried out a test flight to Copenhagen, preparatory to its regular service which is to be inaugurated in early October. [REDACTED]

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6. A possible UN truce violation is indicated in the acquisition of a C-54 aircraft by Israel. There is no indication that the required approval of the UN Mediator was obtained for the four-engine C-54 transport aircraft which is being operated, according to press reports, by the newly-formed Israeli National Aviation Company (INAC). On 30 September this aircraft, manned by an all-Jewish crew of seven, transported President Weizmann from Geneva to an airfield somewhere in Southern Israel. The non-stop flight was escorted over Israel territory

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by fighter planes of the Israeli air force. A likely supplier of this transport would be the group of US clandestine air transport operators which has engaged in illicit arms traffic from Czechoslovakia to Israel during the truce. These operators are known to have at least three C-54's.

7. Further information concerning Transportes Aereos de Honduras (See Transportation Group Weekly Summary, 28 September) indicates that it is negotiating the purchase of a DC-4 (NC-90460) from Alaska Airlines, allegedly for transporting DPs from Italy to Australia on contract. (Transportes Aereos has already established an office in Rome.) Formal application for license to export this aircraft from the US has already been made by Alaska Airlines.

Transportes Aereos was organized and registered in Honduras in April, 1948. The first president of the company was Sr. Tucimei, the former Honduran Minister to Italy, who is now believed deceased. The Vice-President is listed as Ing. Belucci Alberto, also a Honduran citizen.

Although the Honduran air carrier has stated to the US Civil Aeronautics Administration that it is presently operating two C-47 aircraft in charter service between New York and Tegucigalpa, CAA has no knowledge of these flights and has issued no permit for this foreign carrier to enter the US.

No evidence has been uncovered to date implicating Transportes Aereos in illicit operations. Investigation of the company, however, is continuing.

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8. Signature of the US-Bolivian air agreement on 29 September, after protracted negotiation, concluded Bolivia's first international air transport agreement and regularized US airline routes and traffic rights in that country. The agreement is in accord with the standard-type reciprocal air agreement which the US has concluded with many other countries, including, in Latin America, Argentina, Brazil, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela.

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9. The UK Foreign Office suspects that a violation of UN Security Council Regulations is involved in a recent contract between the Jewish Agency and Pan African Air Charters (PAAC) for transportation of DPs from Munich to Haifa. PAAC was organized in South Africa with Zionist capital, but recently transferred its entire operations to Israel.

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